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State capitalism in Russia

a Workers Solidarity Movement position paper

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multi-party system was brought about gradually by reform communists thus avoiding mass demonstrations.

18. In these countries there has been a rush to embrace the joys of the free market (Far from the intentions of many of the original "pro-democracy" demonstrators). However though many concerns have been closed or sold to foreign investors others are now "owned" rather than "managed" by there former "directors"!
19. Neither of the two ridiculous Trotskyist notions that
 - 1) this was the vital injection of workers democracy that would transform these countries into socialist paradises or
 - 2) that workers would actively defend the so called "post Capitalist" property forms has been borne out in fact.
20. However there has been strikes and other working class action in defence of some features in particular State Capitalist countries such as greater access to abortion (East Germany), cheaper transport etc. We absolutely support workers in defence of jobs and better facilities if these exist. This in no way commits us to defending State Capitalism anymore than, for instance, we would defend Western Capitalism though it might give greater freedom of speech or movement to workers. We support workers' defence of jobs and conditions as well as groups calling for greater democracy, regional autonomy and individual freedom.

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13. The early years of struggle in Poland did find an echo in other parts of Eastern Europe. In Romania an embryonic free trade union; the SLMOR took government officials hostage and in Russia the Free Inter-professional Association of Workers (SMOT) was formed.
14. Gorbachev inherited (sic!) a Russian economy in severe crisis. For the Party to survive and maintain control he realised some economic liberalisation was necessary. The threat of mass revolt and economic bankruptcy in the near future was hanging over their heads.
15. Initially his aim was probably to bring about some form of limited internal market in consumer goods while maintaining bureaucratic planning and power in arms and heavy industry. However this form of hybrid capitalism proved impossible and events have moved on rapidly. Now it is Gorbachev who calls for a rapid move to the market and only arch "conservatives" like Ligachov share Gorbachev's 1988 position.
16. As in Czechoslovakia initial economic reforms found a massive popular echo. To achieve support for limited Perestroika or restructuring Gorby had to allow a huge amount of Glasnost.
17. The opening up of the Soviet Union prompted a popular response in Eastern Europe with Gorbachev unwilling or, indeed, unable to intervene. In Czechoslovakia, East Germany, Poland and Romania mass demonstrations and, in the latter case, an armed revolution swept the ideology of Stalinism into the dustbin of history (though in Romania there hasn't even been major political change with many of Ceaucescu's old buddies still to be found in the "National Salvation Front"). In Yugoslavia, Bulgaria and Hungary the change over to a

Recent developments in Russia and Eastern Europe.

12. Russia and Eastern Europe have not been without workers opposition to the dictatorship of State Capitalism. 1953 and 1956 saw uprisings in East Germany and Hungary brutally crushed. In 1968 an attempt to liberalise the Czech economy by Dubcek and other "reform Communists" snowballed into a popular revolt which had to be put down by Soviet tanks. In Poland there were riots in 1970 and 1976 and at the end of 1980 a mass strike movement spread out of the Gdansk shipyard. The Solidarnosc movement was a mass trade union containing many left currents for workers' self-management. However the leadership was made up of reformists like Kuron and Walesa. These made common ground with the Catholic church and reform minded Communists. Demands for workers' self-management were channelled into power-sharing in a liberal Capitalist economy. Reformist and conservative forces dominated the union from birth despite notable rank file action such as the takeover and management of the entire city of Lodz by the local Solidarity in Autumn 1981. The implementation of martial law in December 1981 was aimed almost exclusively at destroying rank and file organisation in the union. The leadership served brief terms under house arrest and in prison while rank and file resistance in mines and factories throughout Poland was crushed. It was then safe to release the Union "leaders" to Co-supervise the rush to the market with reform minded communists. Henri Simon (Author of Poland 1980-1982) sums up in this way; "within a national framework, Capital tries to make use of the Class struggle as a lever to dislodge the backward forces in it's midst and replace them with more trusty instruments of domination."

Introduction

While there have been many changes in Eastern Europe since 1988, it is important to state that these countries were not in any way socialist and to explain why.

1. Since the early 1920's anarchists have recognised that the Russian economy is capitalist because it maintains the separation of producers from their means of production and undervalues their labour to extract surplus value for a ruling class as in all Capitalist countries. It is also subject to the same rigid law of constant accumulation .
2. In the case of Russia all property/means of production belongs to the Russian State so all surplus value accrues to it.
3. Absence of internal markets in the USSR and other Stalinist countries does not mean that the Capitalist mode of production is not in force. Surplus value is incorporated into goods at the point of production under Capitalism. In the West this surplus value is realised as money profits by selling them. But the surplus labour is incorporated into goods whether or not they are sold. This can be used directly providing use values for the Capitalist such as weapons or extra plant and machinery. This is the way state Capitalism works. Goods are also sold on the international market and the money is shared out among the bureaucracy as bribes, wages and awards. But internally surplus value is realised directly as use values such as plant and weapons which
 - i) keeps the system ticking over and
 - ii) maintains the bureaucracy in it's privileged class position.
4. In any Capitalist system profit is extracted at the point of production by undervaluing labour power. Whether or not this profit is realised as cash money at the market is not of

primary importance. A system which feeds most of its surplus value back into itself as means of production is possible in theory. Indeed all Capitalist systems tend towards this with more and more profit going into plant and machinery and less and less labour from which to extract a profit. Western style Capitalism is now in this very degenerate phase with larger and larger corporations and more and more investment in plant, machinery and technology.

5. The Soviet Union is a nightmare form of Capitalism where weapons systems and heavy machinery proliferate but basic consumer needs cannot be met.
6. Absence of private property in the Soviet Union is often put forward as evidence that Stalinist countries are not Capitalist but some new "Post-Capitalist" property form. However property forms (who owns what in law) can be a convenient legal fiction concealing the essential relations of production. The so called Asiatic Mode of Production. This was a description of the system pertaining in China and many parts of the Far East up to late feudal times. In theory property was collective but in practice it was held "for the people" by a small Oligarchy and passed from father to son. So all rents and profits (beyond what was needed to keep body and soul together) passed to them. State Capitalism employs a similar ruse to conceal its exploitative nature.
7. Despite the protestations of Stalinists and Trotskyists of various hues there has always been unemployment in the Soviet Union especially high in oppressed outlying regions such as Armenia and Azerbaijan. This unemployment has been and is concealed as unpaid slave labour (labour camps), low paid work and seasonal and migratory work in the outlying areas. There is also homelessness, poverty and all the other nice

Capitalist trimmings.

How did Russia become State Capitalist? 8. Essentially after the October (1917) revolution the organised working class had expropriated much of the means of production and most land was seized by the peasants. However before they could consolidate and expand these gains they lost power to a rising bureaucratic class.

9. It is vital for us to realise that this was not an inevitable or accidental development. The transfer of power from one class to another requires a careful, premeditated plan on behalf of those who win it and confusion, division and weakness among the class which loses it. The centralisation of all Finance, land and means of production was proposed by Marx as an initial step towards socialism. Marx's ambiguous views on organisation were transformed by the Bolsheviks into a rigorous attack on workers self-management. Workers control was viewed simply as a step on the road to nationalisation, with socialism placed very far down the road. Such a philosophy led directly to State Capitalism (as predicted by Bakunin in the first International).
10. By 1921 the emerging bureaucratic class (Bolsheviks and the remains of the Tsarist middle class) had wrested power from the workers. This process was completed in essence by 1918 and accelerated by "war communism" during the civil war and Trotsky's "Militarisation of labour" just after. The civil war decimated the workers and left them powerless to resist and hang on to the gains of the revolution.
11. The process was finalised by Stalin though the actual transfer of power had been completed and justified by Trotsky, Lenin and Co. The only small difference was that the "New Bolsheviks" recruited after 1917 were subjectively as well as objectively State Capitalists.